NEXITY BANK

3680 Grandview Parkway
Suite 200
Birmingham, AL 35243
205-298-6391
www.nexitybank.com

Delivered via email to LLPComments@FDIC.gov

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

April 10, 2009

Re: Legacy Loans Program

Dear Mr. Feldman:

Thank you for the opportunity to comment on the FDIC Legacy Loans Program (the "Program"). We applaud the continued efforts of the FDIC, US Treasury and Congress to develop programs to strengthen our financial system and stimulate the economy.

An expeditious and well-thought out implementation of this program will be critical to its initial and ongoing success. The following are several key points that will help drive the Program's success:

- **Eligible Assets** – In order to streamline the approval process for eligible assets, the FDIC should clearly define the types of assets that are a priority. These should include non-performing residential and commercial real-estate backed loans including those already held as Other Real-Estate (ORE) on a bank's books – these categories will have the most significant impact in reducing toxic assets in the system. Assets in ORE would be some of the simplest to move since the bank already controls the asset.
- **Pool Size** – To allow and encourage participation of banks and investors of all sizes, the pools must not have a minimum size. This will allow banks to pool similar assets into a single, less complex pool which will help expedite the valuation and auction process. Should a minimum pool size be established, the FDIC must also adopt an aggregation model that would provide an avenue for small banks to participate in the program.
- **Participation Aggregation Model** – Since many of the loans that will be eligible for pooling may have multiple participants, the FDIC must provide clear guidance on pooling the participations into a single pool with one bank taking the lead. There should be an operating agreement between all participants that clearly defines an acceptable reserve price and allocation of proceeds based on the current pro-rata participation balance (plus any charge-off). Implementation of this type of model will encourage greater participation by many regional and community banks as they are actively involved in loan participations.
- **Additional Loss** – For Regulatory Capital purposes, the FDIC should allow additional loss (beyond the current impairment) on the sale of the asset to be amortized over the remaining term of the loan. Otherwise, banks will be hesitant to sell loans into the program should the loss have significant impact to current period earnings. This provision will allow banks ample time to replace additional loss to capital as a result of the sale.
- **Public Information** – The independent valuation of a pool should not be used for any purpose other than to provide a mechanism for the FDIC to determine the appropriate amount of leverage. In addition, should the winning bid be declined by the selling bank, the bid should not be made public as it could undermine future sales.

Thank you again for the opportunity to comment. We strongly feel these suggestions will encourage broader participation by banks and investors.

Sincerely,

David E. Long
President